9 November 2006

Interim results for the six months to 30 September 2006

"Good performance driven by strong realised profits"

- Total return of 9.3% (£374 million) for the first six months
- Realised profits of £216 million, up 14% over the same period last year
- Good level of investment at £589 million (£700 million including co-investment funds)

For the six months to 30 September	**2006**	**2005**
Total return	£374m	£447m
Total return on opening shareholders' funds	9.3%	12.1%
Adjusted total return on opening shareholders' funds*	11.0%	-
Realised profits over opening valuation	£216m	£189m
Unrealised profits on revaluation of investments	£141m	£223m
Portfolio income	£123m	£109m
Realisation proceeds	£849m	£1,041m
Investment (excluding co-investment funds)	£589m	£706m
Diluted net asset value per ordinary share	792p	677p
Interim dividend per ordinary share	5.8p	5.5p

*Adjusted for the £700 million return of capital approved in July 2006.

Commentary

- Buyouts and Growth Capital have delivered very strong gross portfolio returns of 19.8% and 14.2% respectively for the period
- Venture Capital delivered a negative gross portfolio return of (8.4)%, largely as a result of the mark-to-market valuation of its quoted portfolio
- SMI delivered another good performance, generating £118 million of cash proceeds and a gross portfolio return of 13.7% for the period

Commenting on the results, Baroness Hogg, Chairman of 3i Group plc, said:

"3i has delivered another good performance of 9.3% on opening shareholders' funds in the half year and is positioned well against the current market opportunity."

3i's Chief Executive, Philip Yea, added:

"We are pleased with the results for the first six months and believe that they confirm our continued progress on delivering our near and long-term agendas.

We see little change in our major markets and expect to report further progress over the coming period. At this stage the Group is on track to deliver growth in new investment over the whole year."

- ends -

For further information regarding the announcement of 3i's interim results to 30 September 2006, including video interviews with Philip Yea and Simon Ball (available 7.15am), a live webcast of the results presentation (at 10.30am), and an on–demand webcast and podcast (available from 2.00pm), please see www.3igroup.com.

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Notes to editors

3i is a world leader in private equity and venture capital. We focus on buyouts, growth capital and venture capital and invest across Europe, the US and Asia.

Our competitive advantage comes from our international network and the strength and breadth of our relationships in business. These underpin the value that we deliver to our portfolio and to our shareholders.

Chairman's statement

3i delivered a total return of £374 million for the six months to 30 September 2006. This represents a return of 9.3% on opening shareholders' funds, which compares with a FTSE All-Share total return of 1.7% for the same period. The Directors have approved an interim dividend of 5.8p per ordinary share, up from 5.5p last year.

In line with our commitment to balance sheet efficiency, a £700 million return of capital by way of a bonus issue of listed B shares was proposed to shareholders, approved in July and executed shortly thereafter. The total return on opening shareholders' funds, adjusted for this return of capital, would have been 11.0%.

The performance of our mid-market Buyouts business in the first half was of particular note. A gross portfolio return of 19.8% on opening portfolio value was an exceptionally good result, demonstrating the continuing strength of our business model in this competitive area.

3i's Growth Capital business also enjoyed a good first six months, delivering returns above our across-the-cycle expectations. Our Venture Capital business, however, incurred a negative return, largely due to the fall in the share prices of some of its quoted holdings.

A high level of investment and realisation activity was matched by strategic development at a Group and business line level. We recently announced the first closing of our new €5 billion European buyout fund, Eurofund V.

We have also continued to extend 3i's international reach, with teams now established in Beijing and New York. Our business in Asia continues to build momentum: our investment in the region in the first six months of this year was close to the total for the whole of the previous year.

As the only private equity business in the FTSE 100, and indeed one of only a few companies of any size offering quoted access to private equity returns, we have watched the listing of other private equity vehicles with interest. These moves, we believe, will help to raise awareness of the benefits of investing in private equity.

In September we were delighted to welcome Robert Swannell to the Board as a non-executive Director, joining our Nominations and Valuations Committees. Robert is Vice Chairman of Citigroup Europe and a member of Citigroup's Global Investment Banking Operating Committee. He has extensive experience in international financial services and a wide experience of business.

As a Board, we place considerable emphasis on corporate responsibility and on shareholder communications. It is therefore encouraging that 3i is not only a member of the Dow Jones Sustainability Index for 2006/7 but has been ranked first in the financial services sector globally.

These results, and the progress we have made at a strategic level, would not have been possible without the commitment and ability of our leadership team and staff across the world. I would like to thank them and also the many management teams and advisers who have helped 3i to achieve success.

To conclude, 3i has delivered another good performance in the first half and is well placed strategically. Our balance sheet strength, combined with the spread of the portfolio internationally, by sector and by type of investment activity, should also enable us to take full advantage of growing markets while maintaining a diversified risk profile.

Baroness Hogg
Chairman
8 November 2006

Chief Executive's statement

These results for the first six months of the financial year confirm continuing progress on both our near-term and long-term agendas.

Gross portfolio return, at 11.6%, was in line with the equivalent figure for last year (12.1%), although the mix between our business lines changed somewhat, with an exceptional figure of 19.8% for Buyouts compensating for a significant fall in our Venture Capital return (negative 8.4% compared to positive 8.2% for the equivalent period last year). The returns for both our Growth Capital and SMI businesses remained strong. The Interim review which follows gives an explanation of the underlying factors affecting the Group's performance in the period.

Although the levels of both realisations and investments were below last year's equivalents, these figures were still strong in the context of our current business model, where concentrating on fewer larger investments means that our investment and divestment cash flows are more variable across accounting periods.

Total return, at £374 million, was below the £447 million for the equivalent period last year. Realised profits grew by 14% to £216 million (2005: £189 million). Our net asset value per share grew by 53p in the period, from 739p to 792p, another good result, despite dilution of around 15p as a result of the B share issue and related share capital consolidation in July.

The most visible indicators of the long-term reshaping of our business passed new thresholds in the period. The number of portfolio investments, at 942, is now below 1,000, compared to a little over 2,000 investments three years ago. Our international portfolio now represents 61% of our total portfolio value, compared to 42% three years ago.

The strategic development of the Group continues apace and we believe that there are opportunities to expand our Infrastructure and private equity business yet further, particularly in the long-hold segment. Consistent with our philosophy of building capabilities ahead of building assets, we intend to build our Infrastructure team internationally and to strengthen our Growth Capital business.

At the appropriate stage, we also believe it would be in shareholders' interests for our infrastructure assets to be held in a separate vehicle managed or advised by 3i, and therefore giving rise to annual and performance fees to supplement the pure investment return from such assets.

To support these objectives, Michael Queen, who currently leads our Growth Capital and Infrastructure businesses, will increasingly concentrate on accelerating the broadening of our infrastructure activities. In order to facilitate this transition and maintain the considerable momentum of our Growth Capital business in Europe, we have announced that Guy Zarzavatdjian, who currently heads our French business, will take over responsibility for Growth Capital in Europe on 1 January 2007, reporting to Michael. It is our intention that he will succeed Michael as Managing Partner, Growth Capital on 1 April 2008, allowing Michael at that time to become full-time Managing Partner of Infrastructure.

In view of the growing importance of our Asian opportunity, Chris Rowlands, Managing Partner, Group Markets, who has led our drive in this region, will shortly relocate to Singapore in order to build our capabilities as other country and asset markets are developed.

In signing off my Chief Executive's statement in May, I said that we expected our level of realisations for the financial year to be below last year's exceptional levels and that we expected to increase the amount invested. We currently see little change in outlook and expect to report further progress over the coming six months. Looking further out, after a period in which divestments have been attractive in what are exceptional markets, we expect the overall level of realisations to moderate as value is built in more recent investments and as our SMI portfolio reduces to a core of less liquid holdings.

At this stage, the Group is on track to deliver growth in new investment over the whole year. We believe that 3i is well placed against the current market opportunity.

Philip Yea
Chief Executive
8 November 2006

Interim review

Group overview

The Group achieved a total return of £374 million (2005: £447 million) for the period, as shown in table 1. This represents a return of 9.3% on opening shareholders' funds (2005: 12.1%), or 11.0% on an adjusted basis (calculated on the assumption that the £700 million return of capital was effected at the end of the previous financial year).

Table 1: **Total return**

	6 months to 30 September 2006 £m	6 months to 30 September 2005 £m
Realised profits on disposal of investments	**216**	189
Unrealised profits on revaluation of investments	**141**	223
Portfolio income	**123**	109
Gross portfolio return	**480**	521
Fund management fees	**15**	15
Carried interest receivable	**35**	57
Carried interest payable	**(48)**	(26)
Operating expenses	**(115)**	(96)
Net portfolio return	**367**	471
Net interest payable	**(2)**	(11)
Movements in the fair value of derivatives	**11**	(33)
Exchange movements	**(11)**	35
Other	**(2)**	-
Profit after tax	**363**	462
Reserve movements (pension, property and currency translation)	**11**	(15)
Total recognised income and expense ("Total return")	**374**	447

Gross portfolio return on the opening portfolio value, as shown in table 2, was 11.6% (2005: 12.1%). Strong levels of realised profits, combined with a number of unrealised uplifts relating to valuations on an imminent sales basis at the period end, were key to achieving this.

Table 2: **Return by business line** (£m)
6 months to 30 September

	Buyouts		**Growth Capital**		**Venture Capital**		**SMI**		**Total**	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005
Gross portfolio return	**290**	199	**182**	168	**(69)**	61	**77**	93	**480**	521
Return as % of opening portfolio	**19.8**	13.1	**14.2**	13.0	**(8.4)**	8.2	**13.7**	12.3	**11.6**	12.1
Net portfolio return									**367**	471
Return as % of opening portfolio									**8.9**	10.9
Total return									**374**	447
Total return as % of opening shareholders' funds									**9.3**	12.1

Return profiles for each individual business line are covered in detail in table 2. In summary, Buyouts and Growth Capital returns were ahead of expectations for the six months, whereas those for Venture Capital were below.

The Group's net portfolio return was 8.9% on the opening portfolio value (2005: 10.9%). The difference of 2.7% between gross portfolio return and net portfolio return is consistent with our expectations of 5% to 6% dilution for a full 12 months.

New investment in the period totalled £589 million (2005: £706 million). As can be seen from table 3, Buyouts represents 40%, Growth Capital 38% and Venture Capital 22% of this investment. Consistent with our growth strategy in the region, investment in Asia was up markedly compared with the same period last year.

There were 33 new investments in the period and, in addition to £589 million invested from the Group's balance sheet, a further £111 million was invested on behalf of co-investment funds (2005: £129 million).

Table 3: **Investment by business line and geography** (£m)
6 months to 30 September

	Buyouts		Growth Capital		Venture Capital		SMI		Total	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005
Asia	**-**	-	**85**	36	**-**	-	**-**	-	**85**	36
Continental Europe	**128**	204	**116**	141	**10**	12	**1**	2	**255**	359
UK	**106**	154	**21**	109	**34**	18	**1**	2	**162**	283
US	**-**	-	**-**	-	**76**	28	**-**	-	**76**	28
Rest of the world	**2**	-	**-**	-	**9**	-	**-**	-	**11**	-
Total	**236**	358	**222**	286	**129**	58	**2**	4	**589**	706

Realisation proceeds, as can be seen from table 4, totalled £849 million (2005: £1,041 million), and continued to be ahead of our expectations. Realised profits of £216 million (2005: £189 million) represent an uplift of 34% over opening value (2005: 22%). Realised profits are stated net of write-offs of £1 million (2005: £40 million).

Table 4: **Realisation proceeds by business line and geography** (£m)
6 months to 30 September

	Buyouts		Growth Capital		Venture Capital		SMI		Total	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005
Asia	**-**	-	**37**	35	**-**	-	**-**	-	**37**	35
Continental Europe	**171**	201	**165**	169	**6**	49	**26**	26	**368**	445
UK	**217**	178	**115**	135	**5**	56	**92**	135	**429**	504
US	**-**	-	**-**	42	**15**	15	**-**	-	**15**	57
Total	**388**	379	**317**	381	**26**	120	**118**	161	**849**	1,041

Note There were no Rest of the world proceeds in either period.

Overall, some 15.3% (2005: 19.7%) of the opening portfolio by value was realised during the period, continuing the high churn seen in the previous 18 months.

Although sales of quoted investments were low in the period, four portfolio companies achieved an IPO. At 30 September 2006 quoted investments represented 7% of 3i's total portfolio value (2005: 6%).

The unrealised value movement for the period of £141 million (2005: £223 million) was driven by several factors, as shown in table 5. A continuing strong market for exits is demonstrated by a contribution of £160 million from uplift to imminent sale. The fall in the value of quoted investments contributed a negative £59 million (2005: positive £58 million).

Table 5: **Unrealised profits/(losses) on revaluation of investments**

	6 months to 30 September 2006 £m	6 months to 30 September 2005 £m
Earnings multiples(1)	**22**	66
Earnings(2)	**16**	27
First-time uplifts(3)	**64**	23
Provisions(4)	**(28)**	(37)
Net up/(down) rounds	**8**	(3)
Uplift to imminent sale	**160**	128
Other movements on unquoted investments	**(42)**	(39)
Quoted portfolio	**(59)**	58
Total	**141**	223

1 The weighted average earnings multiple applied to investments valued on an earnings basis, at both the start and end of the period, increased from 12.2 to 12.3 over the period.
2 The aggregate attributable earnings of investments valued on an earnings basis at both the start and end of the period increased by 3%.
3 The net valuation impact arising on investments being valued on a basis other than cost for the first time.
4 Provisions against the carrying value of investments in businesses which may fail.

Buyouts
At 19.8% (2005: 13.1%) 3i's Buyout business delivered an exceptional gross portfolio return for the period. This performance was driven by realised profits of £76 million (2005: £62 million), on proceeds of £388 million (2005: £379 million), and an unrealised value movement of £151 million (2005: £79 million).

Two key investments, Swiss-based aviation engineering business SR Technics and French transportation company Keolis, were valued on an imminent sale basis, producing a combined uplift in value of £132 million. First-time uplifts from cost on investments totalled £27 million.

Total investment during the period was £236 million (2005: £358 million), with seven new investments in five different countries.

In August the Buyout business announced the first closing of its latest fund, Eurofund V. At €4.3 billion, this was ahead of its initial target of €3.5 billion. The fund's final close, which is capped at €5 billion, is expected in November 2006.

The health of the Buyout portfolio remained good, with the loss rate from Eurofunds III and IV at just 5% of investment cost at 30 September 2006 (31 March 2006: 3%).

Growth Capital
Gross portfolio return from 3i's Growth Capital business line also exceeded expectations at 14.2% for the period (2005: 13.0%). Realised profits of £90 million (2005: £60 million) on proceeds of £317 million (2005: £381 million) were a key driver of this return.

Unrealised value growth from investments made in recent years was also significant. First-time uplifts on several assets were a key driver of this.

Income from this business line was also significant at £36 million (2005: £22 million).

Asia was the highest growth area for new investment with five of the 13 new investments in the period being made in that region.

3i's rapidly-developing business in infrastructure is also managed through the Growth Capital business line. A highly-experienced team is now in place, a number of significant investments have been made and there is a good level of work in progress.

Portfolio health improved over the period, with 89% of the portfolio by cost being classified as healthy at the period end (31 March 2006: 84%), against a three-year rolling average of 78%.

Venture Capital
The six month gross portfolio return from 3i's Venture Capital business was £(69) million (2005: £61 million), or (8.4)% (2005: 8.2%) of opening portfolio value.

This business line has a relatively high proportion of its portfolio value in quoted assets compared to the Group as a whole (Venture Capital 23%, Group 7% as at 30 September 2006). Consequently, the fall in quoted technology prices in general, and more significant reductions in a small number of higher-value quoted assets in particular, contributed £(68) million to the gross portfolio return.

3i's two largest quoted venture assets, US-based broadband telephony business Vonage Holdings Corp ("Vonage") and the UK-based electronics company CSR plc ("CSR") contributed a combined £38.5 million of the value reduction in the period. Both remain successful investments, with IRRs of 39% (Vonage) and 59% (CSR) at 30 September 2006 valuations.

A weak IPO market for technology companies also influenced the mergers and acquisitions market and weakened prices. As a consequence, 3i deferred a number of exits, which resulted in the low level of Venture realisations for the period of £26 million (2005: £120 million).

A weaker market for exits, however, meant a better market for investing, especially in late-stage opportunities in the US and the UK. Investment for the period of £129 million (2005: £58 million) includes £72 million of late-stage investment (2005: £16 million).

Consistent with this late-stage focus, the average size of investment also increased, from £3 million for the year to 31 March 2006 to £7 million for the six months to 30 September 2006.

Portfolio health improved, with 72% of the portfolio by cost classified as healthy at 30 September 2006 (31 March 2006: 67%), against a three-year rolling average of 68%.

SMI

Smaller Minority Investments delivered another good gross portfolio return at 13.7 % (2005: 12.3%). This performance was driven by a small number of realisations at prices significantly above carrying values. SMI also made good progress in reducing the total number of assets under management, from 526 investments at the start of the period to 426 at the end.

The portfolio

By value, 61% of the portfolio is now outside the UK (2005: 50%), with Asia accounting for 5% (2005: 2%). The number of investments in the portfolio fell from 1,087 (561 excluding SMI) at 31 March 2006 to 942 (516 excluding SMI) at 30 September 2006. As shown in table 6, the closing value of the portfolio, at £4,174 million, was almost identical to the opening value of £4,139 million.

Table 6: **Summary of changes to investment portfolio**

	6 months to 30 September 2006 £m	6 months to 30 September 2005 £m
Opening portfolio	4,139	4,317
Investment	589	706
Realisation proceeds	(849)	(1,041)
Realised profits on disposal of investments	216	189
Unrealised profits on revaluation of investments	141	223
Other movements	(62)	(5)
Closing portfolio	4,174	4,389

Cash flows and capital structure

The cash inflow from operations was £235 million (2005: £265 million). Net borrowings increased over the period to £475 million, from £56 million at 31 March 2006, with the cash inflow from operations being offset by the £700 million return of capital in July. The level of gearing rose from 1% at 31 March 2006 to 13% at the period end.

Net carried interest payable

The charge in respect of amounts payable to executives under carried interest schemes was £48 million (2005: £26 million). This reflected the strong performance of recent Buyout and Growth Capital vintages. Carried interest receivable of £35 million (2005: £57 million) from 3i's managed funds relates primarily to realised and unrealised profits generated on the Eurofund III and Eurofund IV buyout funds.

Operating expenses

Operating expenses for the period of £115 million (2005: £96 million) were maintained at the same level as for the six months to 31 March 2006. Employee numbers were up from 737 at 31 March 2006 to 757 at the period end.

Pensions
The deficit on the Group's defined benefit plan, calculated under International Accounting Standard 19 "Employee Benefits", reduced over the period, from £17 million at 31 March to £3 million at 30 September, mainly as a result of an increase in bond yields. The plan was closed to new members from 1 April 2006 and the next full actuarial valuation is due to take place in summer 2007.

Growth in net asset value per share
The good operational performance in the period, combined with the return of capital, resulted in growth in diluted net asset value per share of 53p (2005: 63p), from 739p to 792p.

Consolidated income statement

for the six months to 30 September 2006

	Notes	**6 months to 30 September 2006 (unaudited) £m**	6 months to 30 September 2005 (unaudited) £m	12 months to 31 March 2006 (audited) £m
Realised profits over value on the disposal of investments		**216**	189	576
Unrealised profits on the revaluation of investments		**141**	223	245
		357	412	821
Portfolio income				
Dividends		**35**	39	75
Income from loans and receivables		**81**	52	133
Fees receivable		**7**	18	24
Gross portfolio return	1	**480**	521	1,053
Fund management fees		**15**	15	24
Carried interest				
Carried interest receivable from managed funds		**35**	57	79
Carried interest payable to executives		**(48)**	(26)	(64)
Operating expenses		**(115)**	(96)	(211)
Net portfolio return		**367**	471	881
Treasury interest receivable		**45**	25	55
Interest payable		**(47)**	(36)	(72)
Movements in the fair value of derivatives		**11**	(33)	(78)
Exchange movements		**(11)**	35	47
Other income		**-**	1	22
Profit before tax		**365**	463	855
Income taxes		**(2)**	(1)	(3)
Profit after tax and profit for the period		**363**	462	852
Earnings per share				
Basic (pence)	2	**70.3**	79.6	152.0
Diluted (pence)	2	**67.8**	77.0	147.3

Consolidated statement of recognised income and expense

for the six months to 30 September 2006

	6 months to 30 September 2006 (unaudited) £m	6 months to 30 September 2005 (unaudited) £m	12 months to 31 March 2006 (audited) £m
Profit for the period	**363**	462	852
Gain on valuation of property	**-**	1	-
Exchange differences on translation of foreign operations	**(3)**	(9)	(5)
Actuarial gains/(losses)	**14**	(7)	(16)
Total recognised income and expense for the period	**374**	447	831
Analysed in reserves as			
Revenue	**69**	52	117
Capital	**308**	404	719
Translation reserve	**(3)**	(9)	(5)
	374	447	831

Consolidated reconciliation of movements in equity

for the six months to 30 September 2006

	6 months to 30 September 2006 (unaudited) £m	6 months to 30 September 2005 (unaudited) £m	12 months to 31 March 2006 (audited) £m
Opening total equity	**4,006**	3,699	3,699
Total recognised income and expense for the period	**374**	447	831
Share-based payments	**5**	4	8
Ordinary dividends	**(52)**	(56)	(86)
Special dividends	**-**	(245)	(245)
Issue of B shares	**(700)**	-	-
Issues of shares	**10**	5	13
Share buy-backs	**-**	(151)	(222)
Own shares	**5**	8	8
Closing total equity	**3,648**	3,711	4,006

Consolidated balance sheet
as at 30 September 2006

	Notes	**30 September 2006 (unaudited) £m**	30 September 2005 (unaudited) £m	31 March 2006 (audited) £m
Assets				
Non-current assets				
Investments				
Quoted equity investments		**279**	260	259
Unquoted equity investments		**2,507**	2,625	2,514
Loans and receivables		**1,388**	1,504	1,366
Investment portfolio	1	**4,174**	4,389	4,139
Carried interest receivable		**108**	65	77
Interests in joint ventures		**-**	39	-
Property, plant and equipment		**31**	35	31
Investment property		**-**	7	-
Total non-current assets		**4,313**	4,535	4,247
Current assets				
Other current assets		**99**	199	149
Derivative financial instruments		**25**	29	19
Deposits		**763**	501	1,108
Cash and cash equivalents		**711**	373	847
Total current assets		**1,598**	1,102	2,123
Total assets		**5,911**	5,637	6,370
Liabilities				
Non-current liabilities				
Carried interest payable		**(106)**	(68)	(83)
Loans and borrowings		**(1,038)**	(1,145)	(1,243)
Convertible Bonds		**(359)**	(353)	(365)
B shares		**(11)**	-	-
Subordinated liabilities		**(21)**	(49)	(24)
Retirement benefit obligation		**(3)**	(30)	(17)
Deferred income tax		**(1)**	-	(1)
Provisions		**(4)**	(6)	(5)
Total non-current liabilities		**(1,543)**	(1,651)	(1,738)
Current liabilities				
Trade and other payables		**(138)**	(130)	(160)
Carried interest payable		**(31)**	(28)	(60)
Loans and borrowings		**(400)**	-	(231)
Derivative financial instruments		**(145)**	(108)	(168)
Current income tax		**(3)**	(2)	(2)
Provisions		**(3)**	(7)	(5)
Total current liabilities		**(720)**	(275)	(626)
Total liabilities		**(2,263)**	(1,926)	(2,364)
Net assets		**3,648**	3,711	4,006
Equity				
Issued capital		**294**	296	292
Share premium		**379**	368	376
Capital redemption reserve		**22**	13	17
Share-based payment reserve		**22**	13	17
Translation reserve		**(3)**	(4)	-
Capital reserve		**2,718**	2,866	3,110
Revenue reserve		**280**	228	263
Own shares		**(64)**	(69)	(69)
Total equity		**3,648**	3,711	4,006

Consolidated cash flow statement
for the six months to 30 September 2006

	6 months to 30 September 2006 (unaudited) £m	6 months to 30 September 2005 (unaudited) £m	12 months to 31 March 2006 (audited) £m
Cash flow from operating activities			
Purchase of investments	**(559)**	(724)	(1,068)
Proceeds from investments	**858**	1,025	2,213
Interest received	**53**	28	67
Dividends received	**35**	39	76
Fees received from investment and fund management activities	**11**	30	46
Carried interest received	**5**	2	9
Carried interest paid	**(49)**	(29)	(30)
Operating expenses	**(118)**	(105)	(216)
Income tax paid	**(1)**	(1)	(8)
Net cash flow from operations	**235**	265	1,089
Cash flow from financing activities			
Proceeds from issues of share capital	**10**	5	13
Repurchase of own ordinary shares	**-**	(151)	(222)
Repurchase of B shares	**(689)**	-	-
Dividend paid	**(52)**	(301)	(331)
Interest received	**44**	26	50
Interest paid	**(40)**	(36)	(60)
Proceeds from long-term borrowings	**1**	1	69
Repayment of long-term borrowings	**(2)**	(47)	(54)
Net cash flow from short-term borrowings	**18**	(86)	188
Net cash flow from deposits	**345**	384	(223)
Net cash flow from financing activities	**(365)**	(205)	(570)
Cash flow from investing activities			
Purchases of property, plant and equipment	**(3)**	(2)	(15)
Sales of property, plant and equipment	**1**	-	24
Divestment from joint ventures	**-**	2	2
Net cash flow from investing activities	**(2)**	-	11
Change in cash and cash equivalents	**(132)**	60	530
Cash and cash equivalents at 1 April	**847**	314	314
Effect of exchange rate fluctuations	**(4)**	(1)	3
Cash and cash equivalents at the end of the period	**711**	373	847

Notes to the accounts

1 Segmental analysis

6 months to 30 September 2006 (unaudited)	**Buyouts £m**	**Growth Capital £m**	**Venture Capital £m**	**Smaller Minority Investments £m**	**Total £m**
Gross portfolio return					
Realised profits over value on the disposal of investments	**76**	**90**	**5**	**45**	**216**
Unrealised profits on the revaluation of investments	**151**	**56**	**(78)**	**12**	**141**
Portfolio income	**63**	**36**	**4**	**20**	**123**
	290	**182**	**(69)**	**77**	**480**
Net (investment)/divestment					
Realisation proceeds	**388**	**317**	**26**	**118**	**849**
New investment	**(236)**	**(222)**	**(129)**	**(2)**	**(589)**
	152	**95**	**(103)**	**116**	**260**
Balance sheet					
Value of investment portfolio	**1,534**	**1,310**	**826**	**504**	**4,174**

6 months to 30 September 2005 (unaudited)	Buyouts £m	Growth Capital £m	Venture Capital £m	Smaller Minority Investments £m	Total £m
Gross portfolio return					
Realised profits over value on the disposal of investments	62	60	36	31	189
Unrealised profits on the revaluation of investments	79	86	23	35	223
Portfolio income	58	22	2	27	109
	199	168	61	93	521
Net (investment)/divestment					
Realisation proceeds	379	381	120	161	1,041
New investment	(358)	(286)	(58)	(4)	(706)
	21	95	62	157	335
Balance sheet					
Value of investment portfolio	1,665	1,321	740	663	4,389

12 months to 31 March 2006 (audited)	Buyouts £m	Growth Capital £m	Venture Capital £m	Smaller Minority Investments £m	Total £m
Gross portfolio return					
Realised profits over value on the disposal of investments	208	232	72	64	576
Unrealised profits on the revaluation of investments	124	60	51	10	245
Portfolio income	115	49	5	63	232
	447	341	128	137	1,053
Net (investment)/divestment					
Realisation proceeds	877	855	207	268	2,207
New investment	(451)	(497)	(156)	(6)	(1,110)
	426	358	51	262	1,097
Balance sheet					
Value of investment portfolio	1,465	1,284	826	564	4,139

2 Per share information

The earnings and net assets per share attributable to the equity shareholders of the Company is based on the following data:

	6 months to 30 September 2006 (unaudited)	6 months to 30 September 2005 (unaudited)	12 months to 31 March 2006 (audited)
Earnings per share (pence)			
Basic	**70.3**	79.6	152.0
Diluted	**67.8**	77.0	147.3
Earnings (£m)			
Profit for the period attributable to equity holders of the Company	**363**	462	852
Effect of dilutive potential ordinary shares	**7**	5	14
	370	467	866

	6 months to 30 September 2006 (unaudited) Number	6 months to 30 September 2005 (unaudited) Number	12 months to 31 March 2006 (audited) Number
Number of shares			
Weighted average number of shares in issue	**516,335,648**	580,583,146	560,684,598
Effect of dilutive potential ordinary shares			
Share options	**4,917,861**	1,697,906	2,744,369
Convertible Bonds	**24,750,000**	24,750,000	24,750,000
Diluted shares	**546,003,509**	607,031,052	588,178,967

	30 September 2006 (unaudited)	30 September 2005 (unaudited)	31 March 2006 (audited)
Net assets per share (pence)			
Basic	**798**	679	743
Diluted	**792**	677	739
Net assets (£m)			
Net assets attributable to equity holders of the Company	**3,648**	3,711	4,006

	30 September 2006 (unaudited) Number	30 September 2005 (unaudited) Number	31 March 2006 (audited) Number
Ordinary shares	**467,344,551**	557,787,039	550,556,502
Own shares	**(10,035,981)**	(11,423,094)	(11,080,758)
Number of shares in issue	**457,308,570**	546,363,945	539,475,744
Effect of dilutive potential ordinary shares			
Share options	**3,320,915**	1,952,013	2,916,552
Diluted shares	**460,629,485**	548,315,958	542,392,296

Accounting policies

Basis of preparation These financial statements are the unaudited interim consolidated financial statements (the "Interim Financial Statements") of 3i Group plc, a company incorporated in Great Britain and registered in England and Wales, and its subsidiaries (together referred to as the "Group") for the six-month period ended 30 September 2006 (the "interim period"). The Interim Financial Statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") and should be read in conjunction with the Consolidated Financial Statements for the year to 31 March 2006 ("Report and Accounts 2006"), as they provide an update of previously reported information.

The Interim Financial Statements were authorised for issue by the Directors on 8 November 2006.

The Interim Financial Statements have been prepared in accordance with the accounting policies set out in the Report and Accounts 2006 as the new and revised International Financial Reporting Standards and interpretations effective 1 April 2006 have had no impact on the accounting policies of the Group. The presentation of the Interim Financial Statements is consistent with the Report and Accounts 2006. Where necessary, comparative information has been reclassified or expanded from the previously reported Interim Financial Statements to take into account any presentational changes made in the Report and Accounts 2006.

The Interim Financial Statements do not constitute statutory accounts. The statutory accounts for the year to 31 March 2006, prepared under IFRS, have been filed with the Registrar of Companies on which the auditors issued a report, which was unqualified and did not contain a statement under section 237(2) or section 237(3) of the Companies Act 1985.

The preparation of the Interim Financial Statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The most significant techniques for estimation are described in the accounting policies and in our "valuation methodology" for investments in the Report and Accounts 2006.

The Group operates in business lines where significant seasonal or cyclical variations in activity are not experienced during the financial year.

Independent review report to 3i Group plc

Introduction We have been instructed by 3i Group plc to review the financial information for the six months to 30 September 2006 which comprises the Consolidated income statement, Consolidated balance sheet, Consolidated cash flow statement, Consolidated reconciliation of movements in equity, Consolidated statement of recognised income and expense and the related notes 1 to 14. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Company in accordance with guidance contained in Bulletin 1999/4 ‘Review of interim financial information’ issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors’ responsibilities The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed We conducted our review in accordance with guidance contained in Bulletin 1999/4 ‘Review of interim financial information’ issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of Group management and applying analytical procedures to the financial information and underlying financial data, and based thereon, assessing whether the accounting policies and presentation have been consistently applied, unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months to 30 September 2006.

Ernst & Young LLP
London,
8 November 2006

Note 1
The Interim report 2006 will be posted to shareholders on 20 November 2006 and thereafter copies will be available from the Company Secretary, 3i Group plc, 16 Palace Street, London SW1E 5JD.

Note 2
The interim dividend will be payable on 3 January 2007 to holders of ordinary shares on the register on 1 December 2006. The ex-dividend date will be 29 November 2006.

Ten largest investments

Investment	Business line	Geography	First Invested in	Residual Cost(1) £m	Directors' valuation(1) £m
SR Technics Holding	Buyouts	Switzerland	2002		
Technical solutions provider for commercial aircraft fleets					
Equity shares				7	117
Loans				31	30
				38	**147**
Financière Keos SA (Keolis)	Buyouts	France	2004		
Transport operator					
Equity shares				9	111
				9	**111**
Parking International Holdings Limited (NCP)	Buyouts	UK	2005		
Transport management and parking services					
Equity shares				1	1
Loans				107	107
				108	**108**
Sistemas Técnicos de Encofrados S.A. (STEN)	Growth	Spain	2006		
Sale and rental of formwork and scaffolding equipment					
Equity shares				81	81
				81	**81**
Infrastructure Investors(2)	Growth	UK	2005		
Secondary PFI and infrastructure investment fund					
Equity shares				-	8
Loans				58	58
				58	**66**
H-Careholding AB	Buyouts	Sweden	2005		
Elderly, primary and specialist care					
Equity shares				11	11
Loans				56	55
				67	**66**
Giochi Preziosi spa	Buyouts	Italy	2005		
Retailer and wholesaler of toys					
Equity shares				**63**	**62**
				63	**62**
Boxer TV-Access AB	Growth	Sweden	2005		
Digital TV distributor					
Equity shares				56	57
				56	**57**
FM-Holding AB (Coor Service Management)	Buyouts	Sweden	2004		
Facilities management services					
Equity shares				1	30
Loans				28	26
				29	**56**
Senoble Holding SAS	Growth	France	2004		
Manufacturer of dairy products and chilled desserts					
Equity shares				9	36
Loans				18	19
				27	**55**

Notes

1 The investment information is in respect of the Group's holding and excludes any co-investment by 3i managed funds.

2 The investment by 3i is into three Infrastructure Investors' entities. 3i is a limited partner in the fund and is invested in the general partner of the fund and the management company. As well as the loan shown, the investment has a cost of £3,177 for partnership capital.